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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA**

In re:)
)
BULA DEVELOPMENTS, INC.) Case No. 23-24619-C-11
)
Debtor.)
)
NATASHA MORA, CESAR MORA,) Adv. Pro. 2025-02008
FAIZAL AWADAN, AND SHAINAZ)
AWADAN,) DCN LRL-1
)
Plaintiffs,)
v.)
)
SBS TRUST DEED NETWORK, BLACK)
HORSE CAPITAL INC., FINE)
CAPITAL, DANIEL BENSHIMON, TODD)
BERNSTEIN AS TRUSTEE OF TB TRUST)
DATED MAY 8, 1997, KAREN ALWEIL,)
AND LOVE GMC HOLDINGS, LLC,)
)
Defendants.)
)

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MEMORANDUM ORDER ON SANCTIONS UNDER RULE 9011(c) (2)

After the Complaint in this Adversary Proceeding was filed January 17, 2025, by Plaintiffs Natasha Mora, Cesar Mora, Faizal Awadan, and Shainaz Awadan, Defendants SBS Trust Deed Network ("SBS"), Black Horse Capital Inc. and Fine Capital Investments served a Motion For Monetary Sanctions Against Plaintiffs For Violation of Rule 9011 on January 30, 2025, demanding that Plaintiffs voluntarily dismiss the Complaint ("SBS 9011 Motion").

The bone of contention is the Plaintiffs' collateral attack on the transfer by foreclosure of real property commonly known as 6389 Castejon Drive, La Jolla, California 92307, owned by chapter 11 debtor Bula Investments, Inc. and the ensuing lockout of the occupants, Plaintiffs Natasha Mora and Cesar Mora, by order of the San Diego County Superior Court.

1 The SBS 9011 Motion asserts that the Complaint: (1) was
2 filed for an improper purpose of delay, harassment, or increasing
3 costs; makes unwarranted claims and legal contentions; and rests
4 on allegations and factual contentions lacking evidentiary
5 support. Fed. R. Bankr. P. 9011(b)(1)-(b)(3).

6 After the Rule 9011(c) "safe harbor" period expired without
7 the Complaint having been voluntarily dismissed, the SBS 9011
8 Motion was filed on March 5, 2025.

9 The history of the Bula Developments case, confirms that the
10 Rule 9011 monetary sanctions and non-monetary sanctions are
11 appropriate because there is a pattern of bad faith litigation.
12

13 Procedural History

14 This adversary proceeding comes with the baggage of earlier
15 decisions, all of which are expressly incorporated here for the
16 benefit of the record for any appellate court that may need to
17 make sense of the issues presented in their appropriate context.

18 The record of federal litigation relating to the battle for
19 6389 Castejon Drive, includes: In re Bula Developments, Inc.,
20 Case No. 23-24619 (Bankr. E.D. Cal.); Mora v. EVO Enterprises,
21 Adv. No. 24-02171 (Bankr. E.D. Cal.); Mora v. Bula Developments,
22 Inc., Adv. No. 24-02173 (Bankr. E.D. Cal.); Mora v. Bula
23 Developments, Inc., Adv. No. 24-02175, (Bankr. E.D. Cal.); In re
24 Natasha Nisha Mora, Case No. 25-20575-chapter 13; Mora v. Black
25 Horse Capital, Inc., 2025 WL 255459 (S.D. Cal. 2025); Mora v. SBS
26 Trust Deed Network, Adv. No. 25-02008 (Bankr. E.D. Cal.); Mora v.
27 Marquee Funding Group, Inc., Adv. No. 25-02028 (Bankr. E.D.
28 Cal.); Mora v. EVO Enterprises, Adv. No. 25-02052 (Bankr. E.D.

1 Cal.) .

2 Among the decisions and orders of this Court and of the U.S.
3 District Court for the Southern District of California so
4 incorporated are:

5 (1) Order Denying Motion For Derivative Standing To
6 Pursue Claims On Behalf Of Estate, Adv. No. 2024-02175-C
(8/23/2024) Dkt. 48;

7 (2) Memorandum On Transfer Under 28 U.S.C. § 1412 and
8 Rule 1014(b) Of Case Pending In Another District (Amended),
9 No. 23-24619-C-11 (2/06/2025) Dkt. 302 (reported at 666
10 B.R. 922); and

11 (3) Order Denying Ex Parte Application To Rescind
12 Postjudgment Lockout, U.S. District Court, Southern District
13 of California, No. 3:25-cv-00017-RBM-AHG (1/23/2025) (SD
14 Cal. Dkt 292) (reported at 2025 Westlaw 255459).

15 The chapter 11 debtor Bula Developments, Inc. is owned in
16 four equal 25 percent shares by Natasha Mora, her spouse Cesar
17 Mora, and her parents Faizal and Shainaz Adawan. Natasha Mora
18 acts as the person in control.

19 Bula constructed a luxury home in La Jolla, California, that
20 has been rendered unsaleable by virtue of land subsidence issues
21 following collapse of a retaining wall allegedly attributable to
22 faulty engineering and/or construction.

23 Unfavorable developments in state court and a looming
24 foreclosure prompted filing of a chapter 11 petition for Bula in
25 the Eastern District of California on December 26, 2023.

26 Since no attorney signed the Bula petition, notice was
27 issued that the case would be dismissed, converted, or a trustee
28 appointed if a counsel did not promptly enter an appearance.¹

26 ¹The Clerk of Court accepted the petition out of respect for
27 Rule 5005(a)(1) ("The clerk must not refuse to accept for filing
28 any petition or other paper solely because it is not in the form
required by these rules or by any local rule or practice."). A
corporation must be represented by counsel. Cf., Rowland v.
California Men's Colony, 506 U.S. 194 (1993).

1 Bula engaged counsel, who eventually sought permission to
2 withdraw because the debtor was not cooperating in performing
3 debtor-in-possession duties. That problem led this court to order
4 appointment of a chapter 11 trustee for cause.

5 The chapter 11 trustee, who is an experienced chapter 11
6 lawyer, investigated the case, dealt with all interested parties,
7 and sought financing that would be required in order to make the
8 subject property marketable.

9 The trustee's report (Bula Dkt 93) related the property had
10 been marketed for two years with no offers. The asking price was
11 \$15.8 million (down from \$25 million). Interest was accruing at a
12 rate of \$110,061 per month. There was an invalid mechanics lien.
13 Necessary site repairs could cost \$300,000. Without either a
14 consensual priming lien of at least \$300,000 or an agreement by
15 secured creditors to a significant carve-out to fund site repairs
16 (neither of which appeared reasonably in prospect) sale of 6389
17 Castejon would result in little or no dividend for unsecured
18 creditors, and nothing for equity owners. Hence, there was little
19 likelihood of reorganization.

20 This Court granted a pending stay relief motion, making a
21 finding of fact that the value of the property was less than the
22 \$15,800,000 that had produced no offers (and far less than the
23 \$18,034,000 value now asserted by Plaintiffs) and that there was
24 no prospect for an "effective" reorganization. It vacated the
25 automatic stay, thereby enabling the property at 6389 Castejon
26 Drive, La Jolla, California 92037, to be foreclosed by way of a
27 Trustee's Sale.

28 Separately, in a transaction approved by the Court, the

1 chapter 11 trustee later sold the estate's causes of action
2 arising from the construction and engineering defects that had
3 rendered 6389 Castejon unsaleable.

4 On August 23, 2024, this Bankruptcy Court denied the
5 Plaintiffs' Motion for Derivative Standing to Pursue Claims on
6 Behalf of Bula Developments estate in their adversary proceeding
7 No. 2024-02175. Dkt. 48. The effect was that chapter 11 trustee
8 Dahl retained exclusive authority to act on behalf of the Bula
9 Developments estate. The record for that adversary proceeding is
10 hereby incorporated herein. The Order Denying Derivative Standing
11 was not appealed.

12 The trustee's sale of 6389 Castejon occurred on August 26,
13 2024.

14 On September 8, 2024, attorney Marc Steven Applbaum
15 transmitted a letter ("Formal Notice of Intent to Bid In re:
16 August 26, 2024 Trustee Sale") on behalf of Natasha Mora, Cesar
17 Mora, Faizal Awadan, and Shainaz Awadan attaching an "Affidavit
18 of Compliance with Civ. Code 2924m" with respect to 6389
19 Castejon. He asserted: "In accordance to Ca. Civ. Code 2924m
20 California law, this Notice and Affidavit of Compliance allows my
21 clients 45 days to provide the trustee a bid before the sale will
22 be deemed final." Ex. C to Dkt 73, Adv. No. 2025-02008.

23 Applbaum certified under penalty of perjury in the standard
24 form Affidavit of Compliance, that "At the time of the trustee's
25 sale, all of the eligible tenant buyers were occupying the real
26 property under a rental or lease agreement entered into as the
27 result of an arm's length transaction with the mortgagor or
28 trustor... I have attached evidence of the existence of this

1 tenancy, including: a copy of the dated and signed rental or
2 lease agreement. ... At the time of the trustee's sale none of
3 the eligible tenant buyers were the mortgagor or trustor or the
4 child, spouse or parent of the mortgagor or trustor..." Ex. C to
5 Dkt 73, Adv. No. 2025-02008 (emphasis supplied).

6 Applbaum's sworn certification contains two materially false
7 statements. First, the statement the lease agreement was "an
8 arm's length transaction" was untrue. The Moras were
9 simultaneously lessors (as 50% owners of Bula Developments) and
10 lessees. Under no theory is that an "arm's length transaction."
11 Their presence on both sides of the lease transaction
12 disqualified them from status as "eligible tenant buyers." Cal.
13 Civ. Code § 2924m(a)(2)(B).

14 Second, the statement that at the time of the trustee's sale
15 none of the putative eligible tenant buyers were trustor and
16 child, spouse or parent of a trustor was untrue. The Moras as
17 putative tenant buyers were trustors, along with Natasha's
18 parents the Awadans in their capacity as the four sole owners and
19 officers of trustor Bula Developments. Thus, they suffered from
20 all four of the § 2924m(a)(2)(C) relationship disqualifications:
21 trustor, child, spouse, and parent. Cal. Civ. Code
22 § 2924m(a)(2)(C).

23 In other words, the Plaintiffs had no § 2924m right to bid
24 for 45 days after the sale.

25 The Trustee's Deed Upon Sale was recorded September 13,
26 2024, in the Official Records of the San Diego County Recorder as
27 Doc. # 2024-0246585.

28 Unlawful Detainer proceedings ensued in San Diego County

1 Superior Court with respect to 6389 Castejon as Black Horse
2 Capital v. Bula Developments Inc, No. 24UD012825C.

3 Natasha Mora and Cesar Mora defended against the unlawful
4 detainer on the theory that Civil Code § 2924m afforded them as
5 lessees a right to bid within 45 days after the trustee's sale.

6 The Superior Court rejected the Moras' claims on the merits,
7 including their § 2924m claims, as invalid by order entered
8 December 16, 2024. That conclusion was logical since it is
9 apparent on the face of the lease that the Moras as the Bula
10 Developments owners acted as trustors and simultaneously were
11 lessor and lessee. In short, they flunked multiple black-letter
12 threshold prerequisites for § 2924m post-sale bidding.

13 The Superior Court ordered the Sheriff to proceed with
14 enforcement of the writ of possession, which would be
15 accomplished by a so-called "lockout."

16 On December 30, 2024, Plaintiff Natasha Mora filed an
17 emergency writ of mandamus with the California Court of Appeal,
18 Fourth District, which request the Court of Appeal denied the
19 same day.

20 The next day, December 31, 2024, Natasha Mora filed chapter
21 13 case, No. 24-04961, in the Southern District of California,
22 for the purpose of interposing the bankruptcy automatic stay.

23 On January 6, 2025, Natasha Mora, represented by Applbaum,
24 filed in U.S. District Court, Southern District of California, a
25 Complaint alleging one cause of action under the Fourteenth
26 Amendment Due Process Clause, coupled with an Ex Parte
27 Application to Rescind Postjudgment Lockout. Case No. 3:25-cv-
28 00017-RBM-AHG.

1 On January 17, 2025, Natasha Mora, Cesar Mora; Faizal
2 Awadan; and Shainaz Awadan, acting pro se, filed in this
3 Bankruptcy Court a Complaint commencing this Adversary Proceeding
4 No. 2025-02008 within the Bula Developments chapter 11 case. The
5 Complaint alleges seven counts: (1) Injunction § 105(a); (2) &
6 (3) Set aside Transfer under § 549 (two counts § 2924m); (4) Void
7 State Court Unlawful Detainer Judgment and related State Court
8 orders; (5) Writ of Assistance restoring Plaintiffs to possession
9 per Federal Rule of Civil Procedure 70(d), as incorporated by
10 Federal Rule of Bankruptcy Procedure 7070; (6) Injunction under
11 § 362(a); (7) Unspecified Additional Relief. Three of the counts
12 are expressly premised on various subsections of California Civil
13 Code § 2924.

14 On January 23, 2025, the District Court, construing its Case
15 No. 3:25-cv-00017-RBM-AHG as being in the nature of an appeal
16 from the state court's final unlawful detainer judgment, denied
17 Natasha Mora's Application to Rescind Postjudgment Lockout.

18 The District Court noted that a California unlawful detainer
19 judgment and writ of possession bestow legal title and all rights
20 of possession (including equitable possessory rights) on the
21 prevailing party. Cal. Code Civ. P. §§ 415.46 & 1161a; Eden
22 Place, LLC. v. Perl (In re Perl), 811 F.3d 1120, 1130 (9th Cir.
23 2016).

24 The District Court concluded that federal jurisdiction over
25 the January 23 Complaint was lacking by virtue of the so-called
26 Rooker-Feldman doctrine that prohibits federal suits "brought by
27 state-court losers complaining of injuries caused by state-court
28 judgments rendered before the district court proceedings

1 commenced and inviting district court review and rejection of
2 those judgments." Exxon Mobil Corp. v. Saudi Basic Indus. Corp.,
3 544 U.S. 280, 284 (2005); Carmona v. Carmona 603 F.3d 1041 (9th
4 Cir. 2010).

5 The District Court warned the parties of the potential for
6 sanctions when it suggested Applbaum and his clients had violated
7 Rule 11 in three respects: (1) not making an inquiry reasonable
8 under the circumstances to confirm legal contentions are
9 warranted under law; (2) needlessly increasing litigation costs;
10 and (3) improper purpose of delay. The District Court warned that
11 sanctions could loom in future cases:

12 (1) Plaintiff's attempts to obtain possession of the
13 Property have been rejected numerous times by different
14 courts, including the Bankruptcy Court, San Diego Superior
15 Court, and the California Court of Appeal. ... This calls
16 into question whether Plaintiff's counsel conducted "an
17 inquiry reasonable under the circumstances" to confirm their
18 legal contentions were warranted under law;

19 (2) The Bankruptcy Court has previously observed
20 Plaintiff's "unclean hands" and found Plaintiff intended to
21 "delay in order to continue living rent-free in the property
22 as long as possible. ... The Court warns Plaintiff that a
23 legally meritless complaint could expose Plaintiff and
24 Plaintiff's counsel to sanction or referral to the State Bar
25 of California for violation of his Rule 11 obligations; and

26 (3) The circumstances surrounding Plaintiff's similar
27 filings before state and federal courts suggests Plaintiff
28 may have filed this action in federal court for an improper
purpose. Rule 11(b) makes clear that an intent to cause
unnecessary delay is an improper purpose.

23 Mora v. Black Horse Capital Inc., 2025 WL 255459, Slip op. at 5-6
24 (S.D. Cal. 2025).

25 On January 24, 2025, this Bankruptcy Court invoked Federal
26 Rule of Bankruptcy Procedure 1014(b), issuing an order to show
27 cause why Mora's chapter 13 case filed December 31, 2024, should
28 not be transferred to the Eastern District of California and

1 ordered the parties not to proceed until the question is decided.

2 On January 30, 2025, the SBS 9011 motion was served on
3 Plaintiffs. At that point, the Plaintiffs knew what the District
4 Court had ruled on January 23, 2025. They knew what the District
5 Court had said about potential Rule 11 sanctions. And, they knew
6 that by January 31, 2025, they were required to show cause why
7 the District Court action should not be dismissed.

8 On February 6, 2025, this court, in a published decision,
9 ordered, pursuant to 28 U.S.C. § 1412 and Rule 1014(b), that the
10 Natasha Mora chapter 13 case be transferred to the Eastern
11 District of California. In re Bula Developments Inc., 666 B.R.
12 922 (Bankr. E.D. Cal. 2025).

13 The Natasha Mora chapter 13 case was designated as No. 2025-
14 20575-C-13 upon transfer to Eastern District of California.

15 On February 24, 2025, Plaintiff Faizal Awadan (Natasha
16 Mora's father) signed "pro se" and had notarized a Notice Of
17 Pending Action (Lis Pendens) with the San Diego County Recorder
18 pursuant to California Code of Civil Procedure § 405.20 based on
19 Adversary No. 2025-02008. The Lis Pendens was recorded in San
20 Diego County on February 28, 2025, and filed in this Court's No.
21 2025-02008 on March 10, having been served by Natasha Mora on
22 March 4, 2025. Dkts. 31-32. The Lis Pendens was invalid because
23 this Court did not approve the filing as required by California
24 Code of Civil Procedure § 405.21 for a Lis Pendens not signed by
25 an attorney. This Court has ordered expungement of the Lis
26 Pendens.

27 In her chapter 13 case, Natasha Mora did not comply with any
28 of her responsibilities under chapter 13: (1) failed to file a

1 chapter 13 plan; (2) failed to provide to the Chapter 13 Trustee
2 payment advices, tax returns, valid identification, proof of
3 social security number; (3) failed to file Schedules, Statement
4 of Financial Affairs, Statement of Current Monthly Income,
5 Calculation Disposable Income; (4) failed to appear at the
6 Meeting of Creditors.

7 The Natasha Mora chapter 13 case was dismissed for cause on
8 April 16, 2025, on the motion of the Chapter 13 Trustee. In
9 addition to not complying with chapter 13 duties, she did not
10 appear at the hearing on dismissal. This Court has found that
11 Natasha Mora filed the chapter 13 case with no intention of
12 seeking the adjustment of her debts. Rather, it was a frivolous
13 attempt to thwart a "lockout" by the Sheriff enforcing a writ of
14 possession based on a final judgment on the merits by California
15 Courts of competent jurisdiction. The Ninth Circuit holds that in
16 such circumstances a debtor has no legal or equitable interest in
17 property. Perl, 811 F.3d at 1130.

18 To the extent the pattern of litigation is probative of the
19 Rule 9011 issues Natasha Mora and her three co-Plaintiffs in this
20 Adversary Proceeding No. 2025-02008 to which the SBS 9011 Motion
21 applies, filed on April 23, 2025, a new Adversary Proceeding No.
22 2025-02052 attacking the chapter 11 trustee's court-approved sale
23 of the estate's causes of action for engineering and construction
24 defects. The theories are fraudulent transfer under 11 U.S.C.
25 § 548 and the Uniform Voidable Transfer Act, California Civil
26 Code § 3439. In deciding the SBS 9011 Motion, this Court will
27 limit its assessment of the No. 2025-02052 only for the limited
28 purpose of the fact that it illustrates a pattern of litigation

1 and not for any other purpose.

3 I

4 Rule 9011

5 The SBS 9011 Motion seeks sanctions, for reasonable
6 attorney's fees and other expenses, after having complied with
7 the Rule 9011(c)(2) 21-day "safe harbor" provisions. The record
8 establishes that the Motion was served on the Plaintiffs on
9 January 30, 2025, and was filed on March 5, 2025, more than 21
10 days after having been served upon Plaintiffs.

11 As the Plaintiffs neither withdrew, nor corrected, the
12 Complaint before the SBS 9011 Motion was filed, monetary
13 sanctions are permitted.

14 This Court later granted the SBS Motion to Dismiss the
15 Complaint for reasons stated in a separate memorandum filed
16 May 1, 2025. Dkt. 162.

17 A

18 Rule 9011(b), as restyled, in 2024 provides:

19 (b) Representations to the Court. By presenting to the
20 Court a petition, pleading, written motion, or other
21 document – whether by signing, filing, submitting, or later
22 advocating it – an attorney or unrepresented party certifies
that to the best of the person's knowledge, information, and
belief formed after an inquiry reasonable under the
circumstances:

23 (1) it is not presented for an improper purpose, such
as to harass, cause unnecessary delay or needlessly increase
litigation costs;

24 (2) the claims, defenses or other legal contentions are
warranted by existing law or by a nonfrivolous argument to
25 extend, modify, or reverse existing law, or to establish new
law;

26 (3) the allegations and factual contentions have
evidentiary support – or if specifically so identified, are
likely to have evidentiary support after a reasonable
27 opportunity for further investigation or discovery; and

28 (4) the denials of factual contentions are warranted on
the evidence – or if specifically so identified are

1 reasonably based on a lack of information and belief.
2 Fed. R. Bankr. P. 9011.

3 Because the four Plaintiffs are self-represented, they
4 personally are responsible for compliance with Rule 9011 and bear
5 the risks associated with noncompliance.

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7 B

8 The SBS 9011 Motion alleges the Complaint was filed for an
9 improper purpose that includes unnecessary delay and needlessly
10 increasing litigation costs.

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13 The SBS 9011 Motion focuses on the allegations in Complaint
14 paragraph 16. The allegation in Complaint Exhibit 2 is that a
15 copy of the Moras' lease from Bula Developments was included in
16 the Notice of Intent to Bid transmitted by Attorney Applbaum
17 dated September 8, 2024. The assertion that a copy of the lease
18 was included makes a difference because, if true, it could
19 support the Plaintiffs' theory more clearly alleged in Complaint
20 paragraphs 10-12 that the Plaintiffs were erroneously denied the
21 opportunity to redeem the foreclosed property pursuant to
22 California Civil Code § 2924m.

23 If the lease was omitted from the Notice of Intent to Bid,
24 then the notice would have been incomplete and arguably would
25 have not triggered post-sale bidding rights under § 2924m.

26 The only admissible evidence on that point is proffered by
27 SBS. This Court believes that the probabilities, in light of the
28 false statements in Applbaum's Affidavit described in the

1 procedural history section of this decision, favor the SBS
2 position that the lease was omitted from the Notice of Intent.
3 Applbaum likely recognized that including a copy of the lease
4 would fatally impeach his representations regarding eligibility
5 to bid.

6 If the lease had been attached to the Notice of Intent, it
7 would have been apparent that the Moras have no rights under
8 § 2924m because they are disqualified by the black-letter terms
9 of that statute from being "eligible tenant buyers" on three
10 independent grounds. It was not an "arm's length" lease as
11 required by Cal. Civ. Code § 2924m(a)(2)(B). The Plaintiffs were
12 also ineligible as "tenant buyers" because they were the trustors
13 through their control as sole officers and shareholders of Bula
14 Developments. Cal. Civ. Code § 2924m(a)(2)(C). Nor were they
15 "prospective owner occupants" because they were disqualified by
16 virtue of being trustor or child, spouse, or parent of trustor.
17 Cal. Civ. Code § 2924m(a)(1)(C)(i), (ii), iv, and (v).

18 The quarrel, however, over whether the lease was omitted
19 from the Notice of Intent to bid is largely a red herring
20 distracting from SBS's larger assertion of improper purpose.

21 This ineligibility for the protections of § 2924m is so
22 obvious on the face of the lease as to render frivolous the
23 Complaint's allegations of denial of rights that did not exist
24 and supports the SBS assertion of improper purpose.

25 In short, the answer to whether a copy of the lease was
26 included cannot change the fact that the Plaintiffs have no
27 bidding or redemption rights under § 2924m.

A filing is frivolous if it is "both baseless and made without a reasonable and competent inquiry." Townsend v. Holman Consulting Corp., 929 F.2d 1358, 1362 (9th Cir. 1990) (en banc). Here, no reasonable and competent inquiry would have led anyone, including any lay person not trained in law, to believe that § 2924m created any bidding rights for the Plaintiffs.

Moreover, as explained in this Court's May 1, 2025, Order dismissing the Complaint for lack of standing, lack of subject-matter jurisdiction and failure to state a claim upon which relief can be granted, the state court unlawful detainer judgment is issue preclusive under rules of res judicata with respect to § 2924m and claim preclusive as to all other § 2924 issues asserted in the Complaint.

A bankruptcy filing is made for an improper purpose if filed to harass or to cause unnecessary delay or needless increase in the cost of litigation. In re Silberkraus, 336 F.3d 864, 870 n.5 (9th Cir. 2003), citing Marsch v. Marsch (In re Marsch), 36 F.3d 825, 830 (9th Cir. 1994).

The Procedural History set forth earlier in this decision evinces a distinct pattern of unnecessary delay and of needless increase in cost of litigation.

The recording by Plaintiffs of the Notice of Pendency of Action (Lis Pendens) pursuant to California Code of Civil Procedure § 405.20, and the filing of that Lis Pendens in this adversary proceeding likewise was an exercise in harassment with the purpose of improperly and intentionally clouding title. The Notice of Pendency is void on its face because it was signed by

1 "Faizal Adawan pro se" but was recorded and filed by Natasha Mora
2 without the approval by a judge as required by Cal. Code Civ. P.
3 § 405.21. Any lay person can understand § 405.21: "A notice of
4 pendency of action shall not be recorded unless(b) it is
5 signed by a party acting in propria persona and approved by a
6 judge as provided in this section." The Lis Pendens is also
7 subject to expungement for failure to establish "probable
8 validity." Cal. Code Civ. P. §§ 405.3 & 405.32. In short, the Lis
9 Pendens was made, recorded, and filed without reasonable and
10 competent inquiry for, this Court finds, the purpose of
11 harassment and delay in violation of Rule 9011(b).

12 The assessment of the two frivolity factors – baseless and
13 improper purpose – is considered on a sliding scale where the
14 more compelling the showing as to one element, the less decisive
15 the need for the showing as to the other. Silberkraus, at 870;
16 Marsch, at 830. Here the showings are powerful on both counts.

17 This Court is persuaded that the Complaint, especially in
18 the context of the procedural history of the battles over 6389
19 Castejon, was baseless, for an improper purpose, and in violation
20 of Rule 9011(b)(1).

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23 The Complaint also violates Rule 9011(b)(2) because the
24 claims and other legal contentions are not warranted by existing
25 law.

26 This Court has previously determined that the Plaintiffs
27 lack standing to assert claims on behalf of Bula Developments.

28 The Moras' lease viewed through the prism of § 2924m reveals

1 no basis for any form of relief for them. Their claims lack
2 substantive merit.

3 The claims are also barred by the rules of res judicata,
4 including issue preclusion regarding the validity of the
5 foreclosure and unlawful detainer in the face of allegations
6 based on § 2924m. The issues were actually and necessarily
7 litigated. Claim preclusion applies to block litigation with
8 respect to other § 2924 issues. The state court's final judgment
9 adverse to the Plaintiffs is not subject to being upset by what
10 amounts to a de facto appeal in federal court.

11 Nor is it clear that this Court has subject-matter
12 jurisdiction over this lawsuit. While avoiding post-petition
13 transfers is a trustee avoiding power, the Plaintiffs lack
14 standing to prosecute such an action. Without standing,
15 jurisdiction depends on whether the outcome "could conceivably
16 have an effect on the estate being administered in bankruptcy."
17 Great W. Savings v. Gordon (In re Fietz), 852 F.2d 455, 457-59
18 (9th Cir. 1988). It is not certain there could be such an effect.

19
20 D

21 This Court is persuaded that the conduct of the Plaintiffs
22 described in the Procedural History set forth above has been
23 conducted intentionally, in bad faith, and with a contemptuous
24 attitude toward the judicial system.

25
26 II

27 Remedy

28 A Rule 9011 sanction is limited to what suffices to deter

1 repetition of the conduct or deter comparable conduct by others
2 similarly situated. Fed. R. Bankr. P. 9011(c)(4)(A).

3 Such sanctions may include a nonmonetary directive, an order
4 to pay a penalty into court, or if imposed on motion and
5 warranted for effective deterrence, an order directing payment to
6 the movant of all or part of the reasonable attorney's fees and
7 other expenses resulting from the motion. Fed. R. Bankr. P.
8 9011(c)(4)(A).

9
10 A

11 As the SBS 9011 Motion is made under Rule 9011(c)(2), this
12 Court may award to the prevailing party reasonable expenses and
13 attorney's fees incurred in presenting the motion if warranted
14 for effective deterrence. Fed. R. Bankr. P. 9011(c)(2)(C) &
15 (c)(4)(A)(iii).

16 This Court is persuaded that reasonable attorney's fees and
17 expenses resulting from the violation are warranted for the
18 purpose of effective deterrence. Accordingly, that aspect of the
19 SBS 9011 Motion will be GRANTED, jointly and severally against
20 all four Plaintiffs. Reasonable attorney's fees shall be
21 determined by separate motion.

22
23 B

24 This Court is also persuaded that a nonmonetary directive is
25 needed to deter repetition of the Plaintiffs' conduct and of
26 comparable conduct by others similarly situated.

27 The record indicates that the Mora's litigation offensive
28 regarding 6389 Castejon Drive began in 2022 in Superior Court of

1 California, County of San Diego Case No. 37-2022-00041470-CU-BC-
2 CTL when Bula Developments filed a cross-complaint alleging work
3 by EVO Enterprises, Inc., was defective and untimely.

4 When in December 2023 the state court announced its
5 intention to rule in favor of EVO, and with a foreclosure
6 looming, the Bula Developments chapter 11 case was filed in this
7 Court by Natasha Mora on December 26, 2023. See In re Bula
8 Developments, Inc., 666 B.R. 922, 924 (Bankr. E.D. Cal. 2025).

9 The ensuing federal litigation has included the following:
10 In re Bula Developments, Inc., Case No. 23-24619 (Bankr. E.D.
11 Cal.); Mora v. EVO Enterprises, Adv. No. 24-02171 (Bankr. E.D.
12 Cal.); Mora v. Bula Developments, Inc., Adv. No. 24-02173 (Bankr.
13 E.D. Cal.); Mora v. Bula Developments, Inc., Adv. No. 24-02175,
14 Bankr. E.D. Cal.); In re Natasha Nisha Mora, Case No. 25-20575-
15 chapter 13; Mora v. Black Horse Capital, Inc., 2025 WL 255459
16 (S.D. Cal. 2025); Mora v. SBS Trust Deed Network, Adv. No. 25-
17 02008 (Bankr. E.D. Cal.); Mora v. Marquee Funding Group, Inc.,
18 Adv. No. 25-02028 (Bankr. E.D. Cal.); Mora v. EVO Enterprises,
19 Adv. No. 25-02052 (Bankr. E.D. Cal.).

20 Filings such as the Lis Pendens stunt of recording without
21 having obtained the required approval of the court have been in
22 abject bad faith.

23 Enough is enough. The offending litigation has already
24 lasted nearly three years, having commenced in 2022 and migrated
25 to federal court in 2023.

26 A nonmonetary sanction in the form of imposing a prefiling
27 review requirement for a finite period is appropriate. Such a
28 sanction must be sufficient to deter repetition of the conduct

1 and to deter comparable conduct by others similarly situated.

2 Fed. R. Bankr. P. 9011(c) (4) (A) .

3 This Court has broad discretion in determining the sanctions
4 to impose so long as they are fair, supported by evidence, and
5 reasonable. Rocha v. Fiedler (In re Fiedler), 654 B.R. 787, 796-
6 97 (Bankr. E.D. Cal. 2023), aff'd, 2024 WL 2137356 (9th Cir. BAP
7 2024), aff'd, 2025 WL 1219007 (9th Cir. 2025); DeLuca v. Seare
8 (In re Seare), 515 B.R. 599 (9th Cir. BAP 2014) .

9 In the discretionary judgment of this Court, deterrence of
10 repetition of the offending conduct by the Plaintiffs and others
11 similarly situated would be served by a two-year prefiling
12 requirement.

13 The prefiling requirement is that the plaintiffs must obtain
14 permission of this Court or of the Chief Bankruptcy Judge,
15 Eastern District of California, before filing any new case or
16 adversary proceeding in any federal court venue within two years
17 of the date this order is entered on docket. Their attention is
18 directed to the power of this bankruptcy court under Rule 1014(b)
19 to control the venue of related case filings, as was exercised in
20 the instance of Natasha Nisha Mora's chapter 13 case. In re Bula
21 Developments, Inc., 666 B.R. 922 (Bankr. E.D. Cal. 2025) .

22
23 C

24 In addition, this Court specifically warns the Plaintiffs
25 that future transgressions of Rule 9011 will invite an Order to
26 Show Cause why the transgressors should not pay a penalty,
27 potentially an eye-opening penalty, into court. Fed. R. Bankr. P.
28 9011(c) (4) (A) (ii) .

1 Future transgressions of the prefiling requirement will be
2 treated as contempt.

3
4 IT IS ORDERED:


5 First, the Motion for Sanctions under Rule 9011 made by
6 Defendants SBS Trust Deed Network, Black Horse Capital Inc. and
7 Fine Capital is GRANTED;

8 Second, Defendants SBS Trust Deed Network, Black Horse
9 Capital Inc. and Fine Capital shall recover from Plaintiffs
10 Natasha Mora, Cesar Mora, Faizal Awadan, and Shainaz Awadan,
11 jointly and severally reasonable attorney's fees and other
12 expenses directly resulting from their violations of Rule
13 9011(b); and,

14 Third, on pain of contempt for violation, Natasha Mora,
15 Cesar Mora, Faizal Awadan, and Shainaz Awadan must obtain
16 permission from this Court or from the Chief Bankruptcy Judge,
17 Eastern District of California, before filing any new case or
18 adversary proceeding in any federal court in any venue within two
19 years of the date this order is entered on docket.

20 SO ORDERED.

21
22 Dated: May 07, 2025

23
24
25 
26 United States Bankruptcy Judge
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